Systems Operations at Cummins: Data Center Outsourcing Decision

Mark Chesnut
Vice President
Human Resources and
Organizational Effectiveness
Cummins Engine Company

Systems Operations
at Cummins:

Data Center Outsourcing Decision

November 13, 1990

Cummins

- $3.6 billion sales
- Diesel engines and related products
- 26,000 employees
- Manufacture in 16 countries
- Headquarters -- Columbus, Indiana

Cummins

- Corporate Staff
- Three Operating groups
  - Engine Business
  - Components
  - Power Systems

Cummins Data Processing Organization

- No "corporate" systems organization
- Large "Engine Business" Systems group
  - Data Center -- 50 people
  - Applications group -- 100 people
- Systems groups at each main plant and profit center

Why Outsource?

- Didn't have problem; operated efficiently
- New Data Center required -- capacity / capital
- Disaster recovery
- Technical depth -- "house of cards"
- Technology
- Cost
- Utility

Decision Making Process

- Open, not secret
- Heavy Senior management involvement
- Analysis team

Key Issues

- Data center only
- People
- Jobs in Columbus
- Ability to reverse
- Loss of in-house technical capability
- Could we be held hostage?

Vendor Characteristics

- Demonstrated ability
- Invisible migration
- Disaster recovery -- backup
- Technical depth
- Technology
- Data center performance assumed -- help in other areas

Vendor Characteristics

- Style, values -- match, complement Cummins
- Responsive account management structure
- Access to top management
- Long term partner -- ability to help us

Vendors Considered

- IBM
- EDS
- McDonnell Douglas

Selection Process

- Proposals
- Responsiveness of proposal process
- Visits to vendor
- Visits to vendors' customers
- Much deliberation!

Do it again? How is it going?

- Yes!

- On schedule
- Transparent
- Responsive
- Community
- Learning to work with us

How Managing Relationship?

- Operating
- Strategic / Corporate

Issues for the Future

- Other locations
- Corporate information management strategy

Partnership

- Vendor must earn partnership relationship
- Issues in a non-directive environment
- Client's ability to partner
- What is partnership -- structured or seamless?

Mark E. Chesnut
Vice President—Human Resources and Organizational Effectiveness
Cummins Engine Company

PROFILE

Mark Chesnut joined Cummins in 1966 and has held a variety of posts in financial, marketing, and operations areas. He has a BSME from Purdue University (1970) and an MBA from Harvard (1972). Prior to his current assignment he was Vice President—Technical Services, and before that he had line responsibility for Cummin's manufacturing plants in Southern Indiana. Outside Cummins, Mark's activities include being a school board member, a director of the Columbus Indiana Chamber of Commerce, and a member of the Board of the United Way of Bartholomew County.

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